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March 21, 2008

Via Overnight (Next Business Day) Delivery

Ms. Anna K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001
Attn: Office of Recordations

Dear Secretary Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are an original and two (2) copies of a Memorandum of Loan and Security Agreement, dated as of March 20, 2008, a primary document as defined in the Board's Rules for the Recordation of Documents, and an original and two (2) copies of an Assignment of Rents and Lessor's Interest in Leases, dated as of March 20, 2008, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

Debtor: East Penn Railroad, LLC
505 South Broad Street
Kennet Square, Pennsylvania 19348

Secured Party: LaSalle Bank National Association
135 South LaSalle Street
Chicago, Illinois 60603

A description of the railroad equipment is included as Exhibit A to the documents. Included in the property covered by the aforesaid Loan and Security Agreement are locomotives, rolling stock and equipment intended for use and related to interstate commerce, and includes locomotives, rolling stock or equipment acquired by Debtors or its or their successors **after the date** of the Loan and Security Agreement.



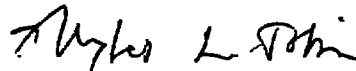
FLETCHER & SIPPEL LLC

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Also enclosed is a check in the amount of \$70.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Myles L. Tobin". The signature is fluid and cursive, with the first name "Myles" being more prominent.

Myles L. Tobin
Attorney for Secured Party

Enclosures.

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**MEMORANDUM OF
LOAN AND SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

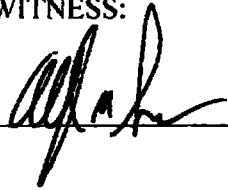
THIS MEMORANDUM OF LOAN AND SECURITY AGREEMENT (the "Memorandum") dated as of March 20, 2008, is made by and between LaSalle Bank National Association, a national banking association, 135 South LaSalle Street, Chicago, Illinois 60603, (the "Bank"), and East Penn Railroad, LLC, a Delaware Limited Liability Company, with its chief executive office and principal place of business at 505 South Broad Street, Kennet Square, Pennsylvania 19348 (the "Borrower").

Borrower and the Bank hereby state the following:

1. Borrower and the Bank are parties to that certain Loan and Security Agreement dated as of March 20, 2008 (the "Loan Agreement") (capitalized terms used herein and not otherwise defined shall have the meaning given in the Loan Agreement), whereby the Bank loaned Borrower certain funds *inter alia* to facilitate the purchase or financing of the Locomotives and Railcars more specifically identified on Exhibit A attached hereto and made a part hereof and any Locomotives and Railcars acquired by Borrowers subsequent to March 20, 2008.
2. Borrower's obligations under the Loan Agreement and other loan documents are evidenced by and payable in accordance with the Loan Agreement.
3. Pursuant to the terms of the Loan Agreement and to secure the payment and performance of any and all of Borrower's obligations to the Bank, Borrower granted to the Bank a continuing, first priority security interest in and to, and chattel mortgage lien on, all of the Borrower's right, title and interest in and to the Locomotives and Railcars to have and to hold all and every part of the Locomotives and Railcars unto the Bank, its successors and assigns, for its and their own use and benefit forever.

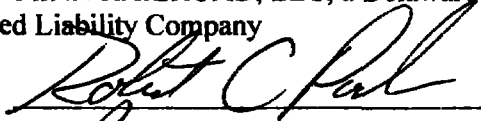
IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

WITNESS:



EAST PENN RAILROAD, LLC, a Delaware
Limited Liability Company

By:



Title:

PRESIDENT & CEO

WITNESS:

LASALLE BANK NATIONAL
ASSOCIATION, a National Banking
Association

By: _____

Title: _____

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

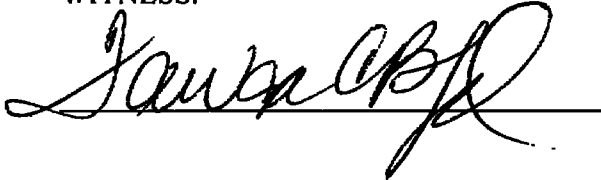
WITNESS:

EAST PENN RAILROAD, LLC, a Delaware
Limited Liability Company

By: _____


Title: _____

WITNESS:

_____

LASALLE BANK NATIONAL
ASSOCIATION, a National Banking
Association

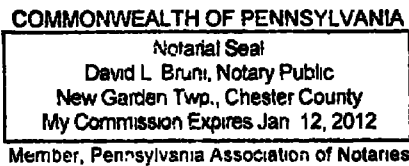
By: _____

Title: _____

STATE OF PENNSYLVANIA)
) ss
COUNTY OF CHESTER)

On this 18 day of March, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared Robert Curtis Parker to me personally known, who being by me duly sworn, says that he is the CEO of East Penn Railroad, LLC, a Delaware limited liability company, that said instrument was signed on behalf of said company by authority of its members, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.



David D. Brune
Notary Public

My Commission Expires:

01-12-2012.

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this ____ day of _____, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared _____ to me personally known, who being by me duly sworn, says that he is the _____ of LaSalle Bank National Association, a national banking association, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.

Notary Public

My Commission Expires:

STATE OF PENNSYLVANIA)
) ss
COUNTY OF CHESTER)

On this ____ day of _____, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared _____ to me personally known, who being by me duly sworn, says that he is the _____ of East Penn Railroad, LLC, a Delaware limited liability company, that said instrument was signed on behalf of said company by authority of its members, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

AS WITNESS my hand and notarial seal.

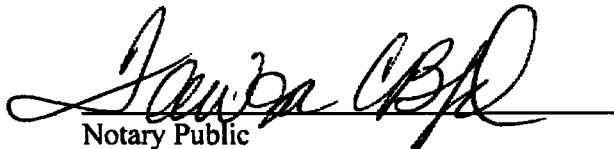
Notary Public

My Commission Expires:

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 20 day of March, 2008, before me, a Notary Public of the County and State aforesaid, personally appeared STEFAN WEB to me personally known, who being by me duly sworn, says that he is the VP of LaSalle Bank National Association, a national banking association, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal.


Notary Public

My Commission Expires:

05-09-2010

Official Seal
Tawana C Benford
Notary Public State of Illinois
My Commission Expires 05/09/2010

EXHIBIT A

Locomotives and Railcars:

- 1) PRL 2206 (U23B) at Kennett Square (Wilmington Northern/Octoraro)
- 2) EPRY 7836 (B30-7) at Kennett Square (Wilmington Northern/Octoraro)
- 3) EPRY 7874 (B30-7) at Kennett Square (Wilmington Northern/Octoraro)
- 4) EPRY 7811 (B30-7) at Kennett Square (Wilmington Northern/Octoraro)
- 5) PRL 2202 (U23B) at Rheinholds (Lancaster Northern)
- 6) PRL 2204 (U23B) at Rheinholds (Lancaster Northern)
- 7) EPRY 3153 (B23-7) at Quakertown (Quakertown Line)
- 8) EPRY 5114 (B23-7) at Quakertown (Quakertown Line)
- 9) PRL 57 (GP-10) at N. Philadelphia (N. Philadelphia Industrial Park)
- 10) PRL 7554 (GP-10) at East Greenville (Perkiomen)
- 11) PRL 81 (NW-2) at Bristol (Bristol Industrial Park)
- 12) EPRY 9008 (NW-2) at King of Prussia (Chester Valley)
- 13) EPRY 52 (SW – 900) at Boyertown (Colebrookdale)
- 14) EPRY 44 (GE 50 Ton) at Topton (Kutztown)
- 15) TM 21 (Trackmobile) at Manheim (Manheim)
- 16) & 17) PRL 5106 and PRL 5107 - 2 ballast cars used on the Wilmington Northern/Octoraro Lines. They cannot be interchanged.

***** All equipment is owned not leased. No equipment is leased to any third parties.**